



February 3, 2009

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Ms. Rupp,

~~We want to address some concerns we have regarding the decision to infuse the corporate system with \$1 Billion and to burden every credit union with the expense of that decision. While we understand the desirability for essential liquidity in the system and support for the corporates, we have concerns about the impact this will have on our already strained financial condition.~~

~~Our credit union is very well capitalized and we feel confident that we can survive this economic downturn. However, although we did not engage in sub-prime lending, we are now handicapped by the events that surround us. We also know that the sharp drop in capital ratios as a result of this action may be the very breaking point for some credit unions that are already experiencing strain. If your action does cause more credit unions to fail, then it seems we would be in for an ever increasing need to recapitalize the NCUSIF. It could lead to a devastating downward spiral in the entire system – not just the corporate system.~~

~~This is essentially a problem of the Corporate system. A problem that for all we know could grow substantially. The solution of using natural credit union capital to rescue the Corporates only serves to cripple the foundation of the system and our ability to grow and offer our members and our communities the resources so desperately now needed. This is not a logical solution when considering the effect this and additional assessments will have on individual credit unions ability to survive.~~

~~This proposed action is counter to the efforts of the Administration and Congress to free up lending. Credit unions have been congratulated for being the one stable and functioning financial institution carrying on with lending and offering service as usual. We are not seen as part of the problem. For this reason, we have a very strong story to tell when requesting help for the Corporate system.~~

~~Why are we not asking the federal government for the capital infusion? It seems a mere pittance compared to the banking industry. There are strong calls for using Federal funding to purchase the problem investments and/or guarantee payment of mortgage related securities for the banking community. The Corporates do not have the public disfavor the banks have~~

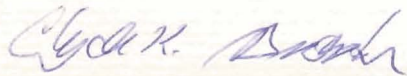
88

earned and so it is doubtful they would be subjected to the same restrictions put on the banks for taking the funds.

We are proud of our credit union and its relative stability. Even though we are stable and intend on staying that way, these are uncertain times and we have no way of knowing how long this economic downturn may last. Therefore the last thing we need is to have our income and our capital reduced so drastically.

We, too, are concerned about the corporate system but as a doctor pledges to "First, do no harm", so should NCUA strive to contain the damage to the sick and not weaken the entire credit union system.

Respectfully,

A handwritten signature in blue ink, appearing to read "Clyde K. Smith". The signature is fluid and cursive, with the first name "Clyde" being more prominent.